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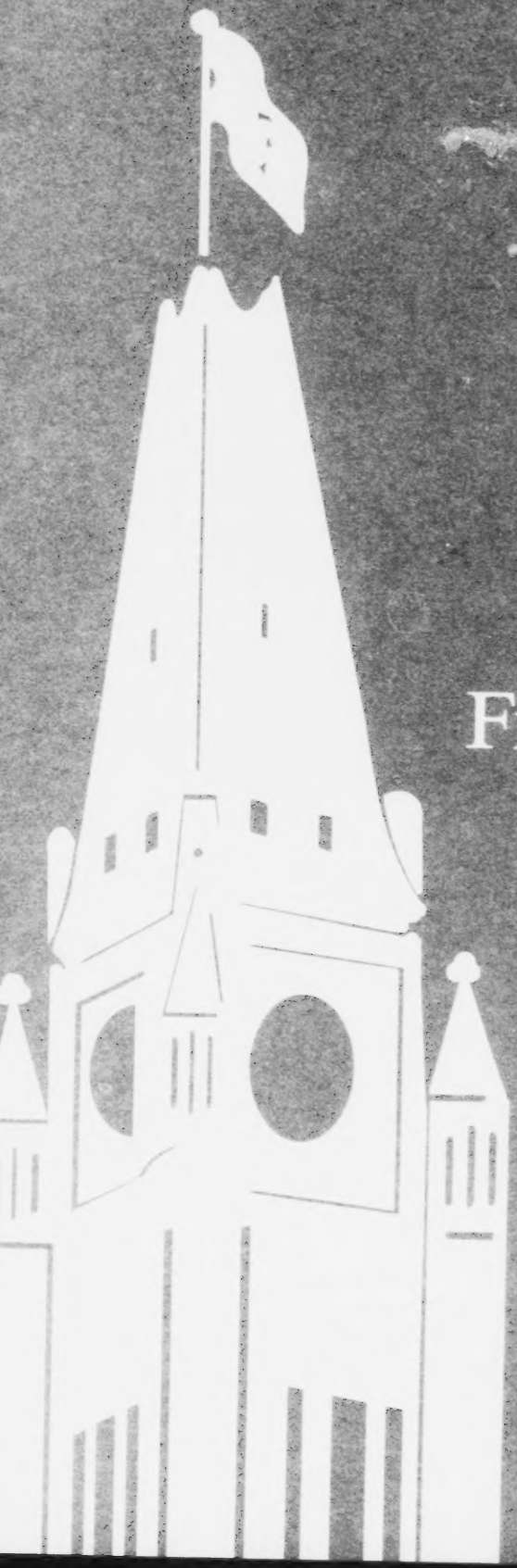
Office of the Auditor General of Canada
Bureau du vérificateur général du Canada



Financial Statements
États financiers

GOVERNMENT OF THE
NORTHWEST TERRITORIES

CONSOLIDATED FINANCIAL
STATEMENTS

March 31, 1994

103-04176/

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The preparation of the consolidated financial statements of the Government of the Northwest Territories, and related information contained in Volume I (Consolidated Financial Statements) and Volume II (Non-Consolidated Financial Statements) of the Public Accounts, is the responsibility of management through the Office of the Comptroller General.

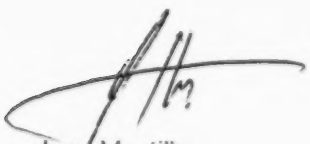
The consolidated financial statements have been prepared in accordance with the accounting policies set out in Note 2 to the Consolidated Financial Statements and comply with recommendations of the Public Sector Accounting and Auditing Board wherever applicable. When alternative accounting methods exist, management has chosen those that are most appropriate. Where required, management's best estimates and judgement have been applied in the preparation of these statements.

To fulfill its accounting and reporting responsibilities, the Government, through the Office of the Comptroller General, maintains systems of financial management and internal control. The systems are continually enhanced and modified to provide timely and accurate information; to safeguard and control assets; and to ensure all transactions are in accord with the Financial Administration Act.

The Public Accounts are referred to the Standing Committee on Public Accounts after they have been tabled in the Legislative Assembly. The recommendations of this committee are reviewed and acted on to improve the financial systems and controls.

Annually the Auditor General of Canada performs an independent audit on the consolidated financial statements in order to express an opinion that they fairly present the financial position, results of operations and changes in financial position. During the course of the audit, he also examines transactions, that have come to his notice, to ensure they are, in all significant respects, within the statutory powers of the Government and those organizations included in the consolidation.

After completion of the audit, the Auditor General prepares his annual report to the Northwest Territories Legislative Assembly. The Auditor General's report contains his recommendations.



Lew Voytilla
Comptroller General
Government of the Northwest Territories
December, 1994

AUDITOR GENERAL OF CANADA

VÉRIFICATEUR GÉNÉRAL DU CANADA

AUDITOR'S REPORT

To the Legislative Assembly of the Northwest Territories

I have audited the consolidated balance sheet of the Government of the Northwest Territories as at March 31, 1994 and the consolidated statements of operations and surplus and changes in financial position for the year then ended. These financial statements are the responsibility of the Government's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Government as at March 31, 1994 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies set out in note 2 to the consolidated financial statements. As required by the Northwest Territories Act (Canada), I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Government, the consolidated financial statements are in agreement therewith and, except for over-expenditures which are not in compliance with the Northwest Territories Financial Administration Act as described in Note 19, the transactions of the Government and of those organizations included in the consolidation as discussed in Note 1 that have come to my notice during my audit of the consolidated financial statements have, in all significant respects, been in accordance with the Northwest Territories Act (Canada), the Northwest Territories Financial Administration Act and the specific operating authorities detailed in Note 1.

In accordance with the Northwest Territories Act (Canada) Section 30(2), additional comments on these financial statements and this auditor's report will be included in my annual report to the Northwest Territories Legislative Assembly.

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
December 2, 1994

Government of the Northwest Territories

Consolidated Balance Sheet

as at March 31, 1994 (thousands of dollars)	1994	1993
Assets		
Current		
Cash and short term investments	$ 29,785	$ 45,075
Due from Canada (note 3)	85,922	46,355
Accounts receivable (note 4)	32,572	31,528
Inventories (note 5)	7,816	7,049
Prepaid expenses	5,916	4,416
Current portion of long-term receivables and loans	9,597	19,384
	171,608	153,807
Segregated cash and investments (note 6)	14,199	12,147
Long-term receivables and loans (note 7)	85,829	88,789
Investment in associated entities (note 8)	120,007	109,495
Capital assets	1	1
	$ 391,644	$ 364,239

Government of the Northwest Territories

Consolidated Balance Sheet (Continued)

as at March 31, 1994 (thousands of dollars)	1994	1993
Liabilities		
Current		
Short-term loans (note 9)	$ 56,790	$ 16,500
Accounts payable and accrued liabilities (note 10)	103,115	101,207
Current portion of long-term liabilities	10,114	8,036
Deferred revenue	519	2,119
	170,538	127,862
Pension liabilities (note 11a)	12,795	10,171
Employee termination benefits (note 12)	31,249	17,578
Long-term debt (note 13)	114,039	120,455
	328,621	276,066
Commitments (note 15)		
Contingencies (note 16)		
Subsequent event (note 18)		
Equity		
Students Loan Fund	13,000	12,000
Surplus	50,023	76,173
	63,023	88,173
	$ 391,644	$ 364,239

Approved:

John D. Pollard
Minister of Finance

Leo Voytilla
Comptroller General

Government of the Northwest Territories

Consolidated Statement of Operations and Surplus

for the year ended March 31, 1994 (thousands of dollars)	1994	1993
Revenues (schedule A)		
From Canada	$ 1,039,865	$ 993,750
Generated revenues	200,610	207,139
	1,240,475	1,200,889
Recoveries of prior years' expenditures (note 2k)	9,711	7,683
	1,249,186	1,208,580
Expenditures (schedule B)		
Operations and maintenance	1,103,101	1,042,013
Capital	196,545	173,309
	1,299,646	1,215,322
Net expenditure before undernoted	(50,460)	(6,742)
Net revenue from investment in associated entities (note 9)	29,151	11,076
Projects for Canada and others		
Expenditures	(39,309)	(55,651)
Recoveries	39,309	55,651
Adjustment of ultimate removal liability (note 15)	(15,850)	-
Net revenue (expenditure)	**(25,159)**	**4,334**
Surplus at beginning of the year	76,173	52,839
Allocated to Students Loan Fund	(1,000)	(1,000)
Transferred from Business Loans and Guarantees Fund	-	20,000
Surplus at end of the year	**$ 50,014**	**$ 76,173**

Government of the Northwest Territories

Consolidated Statement of Changes in Financial Position

for the year ended March 31, 1994 (thousands of dollars)	1994	1993
Operating activities		
Operations		
Net revenue (expenditure)	$ (25,150)	$ 4,334
Items not requiring funds:		
Bad debts and loan remissions	16,594	15,905
Inventory write-offs	143	319
Amortization of pension estimation adjustment	(32)	60
Employee leave and termination benefits	15,925	1,153
	7,480	21,771
Changes in operating assets and liabilities		
Current assets(1)	(3,892)	2,217
Current liabilities(2)	(566)	(1,773)
Due from Canada	(51,567)	35,230
Pension liabilities	2,656	3,579
Financial resources provided (used) by operating activities	**(45,889)**	**61,024**
Investing activities		
Investment in associated entities	(10,512)	7,409
Segregated cash and investments	(2,278)	802
Long-term receivables and loans		
Advances	(48,819)	(39,420)
Repayments	57,636	28,151
Financial resources used by investing activities	**(3,973)**	**(3,058)**
Financing activities		
Repayment of long-term debt	**(5,718)**	**(5,727)**
Increase (decrease) in cash and cash equivalents	**(55,580)**	**52,239**
Cash and cash equivalents at beginning of the year	28,575	(23,664)
Cash and cash equivalents at end of the year(3)	**$ (27,005)**	**$ 28,575**

(1) Other than due from Canada and current portion of long-term receivables.
(2) Other than short-term loans and current portion of long-term liabilities.
(3) Cash and cash equivalents are represented by cash and short-term investments net of short-term loans.

1. AUTHORITY AND OPERATIONS

The consolidated financial statements have been prepared in accordance with the Northwest Territories Act (Canada) and the Financial Administration Act of the Northwest Territories.

The Government of the Northwest Territories (the Government) operates under the authority of the Northwest Territories Act (Canada). The Government has an elected Legislative Assembly which authorizes all disbursements, advances, loans and investments unless specifically authorized by statute.

The following chart lists the other entities, how they are accounted for in the consolidated financial statements and their specific operating authority.

Fully Consolidated:

Arctic College	Arctic College Act
Northwest Territories Housing Corporation	Northwest Territories Housing Corporation Act
Northwest Territories Development Corporation	Northwest Territories Development Corporation Act
Northwest Territories Business Credit Corporation	Northwest Territories Business Credit Corporation Act
Students Loan Fund	Student Financial Assistance Act
Granular Program Revolving Fund, Public Stores Revolving Fund, Fur Marketing Services Revolving Fund	Revolving Funds Act

Modified equity:

Petroleum Products Revolving Fund	Revolving Funds Act
Northwest Territories Liquor Commission	Northwest Territories Liquor Act
Northwest Territories Power Corporation	Northwest Territories Power Corporation Act
Workers' Compensation Board	Workers' Compensation Act

The Workers' Compensation Board has a December 31 fiscal year end. All other entities are March 31.

Revolving funds are established by the Government to provide the working capital necessary to deliver goods to the general public and Government. They may consist of cash, accounts receivable, inventories, liabilities or any combination thereof.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of consolidation

The Government complies with the recommendations of the Public Sector Accounting and Auditing Board of the Canadian Institute of Chartered Accountants wherever applicable, and in particular with respect to the preparation of consolidated financial statements.

The consolidated financial statements include the accounts of the Government and organizations accountable to and controlled by the Government.

The entities that exist to deliver the executive functions of the Government are fully consolidated in these financial statements.

The entities, which are deemed to be government enterprises, are accounted for using the modified equity method. According to the modified equity method, inter-entity transactions and balances do not require elimination.

The following related Government boards and agencies are reflected in these statements only to the extent of the Government's contributions to them:

Educational boards
Hospitals and health boards
Legislative Assembly Retiring Allowances Fund
Territorial Court Judges' Registered Pension Plan
Science Institute of the Northwest Territories

(b) Loans receivable

Loans receivable and advances are stated at the lower of cost and net recoverable value.

Valuation allowances which are recorded to reduce loans receivable, are based on past events, current conditions and all circumstances known at the date of the preparation of the financial statements. Interest revenue is recognized when earned. Interest revenue is not accrued when the collectibility of either principal or interest is not reasonably assured.

(c) Short-term investments/segregated cash and investments

Investments are valued at the lower of cost and fair market value. Interest income is recorded on the accrual basis and dividend income is recognized as it is received or declared.

Investment in securities denominated in foreign currencies are translated into Canadian dollars at the prevailing exchange rate at year end. Foreign currency transactions during the year are translated into Canadian dollars at the prevailing rate at the transaction date.

(d) Capital assets and leases

Capital assets are charged to expenditures at the time of acquisition or construction. Capital assets are disclosed on the balance sheet at a nominal value.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Capital assets and leases (continued)

Lease payments under capital and operating leases are charged to operating and maintenance expenditures. No assets or long-term liabilities are recognized for capital leases.

(e) Grant from Canada

The grant is subject to the terms of a financial agreement with Canada. Periodic adjustments are made to the grant for income taxes, Established Programs Financing contributions and operating revenues collected by the Government which differ from the estimated amounts used to determine the grant for the fiscal year. Adjustments are also made to reflect new estimates of prior year entitlements.

(f) Projects for Canada and Others

The Government undertakes projects for Canada and others for which it receives accountable advances. Unexpended balances are recorded as current liabilities, and expenditures in excess of advances are recorded as accounts receivable.

(g) Taxes

Taxes, under the Income Tax Act, are collected by Canada on behalf of the Government under a tax collection agreement and are remitted to the Government monthly. The remittances are based on estimates for the taxation year, which are periodically adjusted until the income tax assessments for that year are completed. Income tax revenue is recognized on a cash basis.

Fuel and tobacco taxes are levied under the authority of the Petroleum Products Tax Act and the Tobacco Tax Act. Payroll tax is levied under the authority of the Payroll Tax Act. These taxes are received on a regular basis. Revenues are recognized on an accrual basis based on the statements received from collectors or employers. Adjustments from reassessments are recorded in revenue in the year they are identified.

Property tax and school levies are assessed on a calendar year basis and are recognized in the fiscal year in which the calendar year ends.

(h) Other revenues

Licences, fees and permits are recorded on a cash basis. All other revenues are recorded on an accrual basis.

(i) Operations, maintenance and capital expenditures

Operations, maintenance and capital expenditures are recorded on an accrual basis.

(j) Contributions to local housing organizations

Houses owned by the consolidated government reporting entity are operated by local housing associations and authorities. The Northwest Territories Housing Corporation provides contributions for the annual operating requirements of these local housing organizations. These contributions are recorded on an accrual basis.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Recoveries of prior years' expenditures

Recoveries of prior years' expenditures and reversal of prior years' accruals are reported separate from other revenues on the statement of operations. Pursuant to the Financial Administration Act, these recoveries cannot be used to increase the amounts appropriated for current year expenditures.

3. DUE FROM CANADA

	1994	1993
	(thousands of dollars)	
Grant receivable (payable)		
Grant due from Canada - schedule A	$ 849,053	$ 780,940
Less payments received	779,388	828,740
	69,665	(47,800)
Balance payable at beginning of the year	(57,971)	(10,171)
	11,694	(57,971)
Indian and Inuit hospital care	78,783	86,682
Other	26,788	24,627
Canada Mortgage and Housing Corporation	9,135	11,755
Cost sharing agreements and projects on behalf of Canada	923	9,768
	127,323	74,861
Less:		
Allowance for doubtful accounts	39,000	27,000
Unapplied balance of advances under agreements	1,434	1,506
Excess Income Tax and Established Programs Financing advanced	967	-
	41,401	28,506
	$ 85,922	**$ 46,355**

During the year no amounts due from Canada were written off (1993-$218,000).

The Government's claims to Canada for Indian and Inuit hospital care have been disputed by Canada. In November 1992, the Government filed a Statement of Claim in Federal Court. This litigation action is in process. The Statement of Claim relates to claims for the fiscal periods 1986-87 to 1991-92.

The balance of unpaid claims, included in accounts receivable as of March 31, 1994, is $78,783,000. An additional $42,401,000 has not been recorded as revenue over the years. The Government considers the full amount of $121,184,000 to be due and payable by Canada. The final outcome of the litigation, and its effect on the financial statements, cannot be predicted; nonetheless, an allowance for doubtful accounts has been provided for in the amount of $39,000,000.

3. DUE FROM CANADA (continued)

The outcome of the litigation action can range from a possible gain of $81,401,000 to a possible loss of up to $39,783,000. The possible gain includes recovery of the allowance for doubtful accounts and the unrecorded claims. The possible loss includes the unpaid balance in accounts receivable less the allowance for doubtful accounts. Any gain or loss will be recorded when the amount can be reasonably determined.

During the year, the Government signed a Memorandum of Agreement with Canada for the purpose of enabling Canada to advance funds for payment of hospital services. A payment of $45,958,000 was received pursuant to this agreement for the years 1992-93 and 1993-94. The Memorandum of Agreement does not affect the rights of the Government or Canada concerning the claims which are currently the subject of litigation.

4. ACCOUNTS RECEIVABLE

	1994	1993
	(thousands of dollars)	
Revolving funds - Others	$ 320	$ -
Related parties		
Divisional Boards of Education	8,138	10,833
Northwest Territories Power Corporation	1,733	1,209
Workers' Compensation Board	661	93
Science Institute of the Northwest Territories	492	56
Board of Secondary Education	47	180
	11,391	12,371
Other accounts receivable, net of allowance for doubtful accounts of $1,593,000 (1993 - $1,225,000)	17,421	14,100
Accrued interest	3,760	5,057
	21,181	19,157
	$ 32,572	$ 31,528

During the year, uncollectable amounts of $192,000 (1993 - $689,000) were written off with proper authority.

5. INVENTORIES

	1994	1993
	(thousands of dollars)	
Granular Program Revolving Fund	$ 5,350	$ 4,802
Northwest Territories Development Corporation	2,043	1,555
Public Stores Revolving Fund	412	538
Economic Development & Tourism (Expo '92 inventory)	11	154
	$ 7,816	$ 7,049

6. SEGREGATED CASH AND INVESTMENTS

	1994	1993
	(thousands of dollars)	
Investment portfolio		
Cash and other assets	$ 140	$ 130
Treasury bills	788	2,142
Marketable securities	10,893	6,686
	11,821	8,958
Students Loan Fund		
Authorized limit	13,000	12,000
Less loans receivable	12,361	10,362
Cash available for new loans	639	1,638
Investment reserves		
Capital Reserve Fund	515	-
Venture Reserve Fund	249	-
	764	-
Investment in preferred shares		
NCSTV Limited	650	600
Marathon Waterworks Limited	437	438
923095 NWT Ltd (Branson's Lodge)	264	-
West Baffin Cooperative Ltd	250	-
902848 N.W.T. Ltd. (Great Bear Lake Lodges)	250	513
175119 Canada Inc. (Norweta)	200	400
Arctic Red River Incorporated	100	-
Cumberland Sound Fisheries Ltd.	-	550
	2,151	2,501
Less allowance for loss	1,176	950
	975	1,551
Total segregated cash and investments	$ 14,199	$ 12,147

7. LONG-TERM RECEIVABLES AND LOANS

	1994	1993
	(thousands of dollars)	
Loans to municipalities due in instalments to 2026, bearing interest between 0.00% and 11.27%, net of valuation allowances of $1,790,000 (1993-$600,000)	$ 45,668	$ 46,557

7. **LONG-TERM RECEIVABLES AND LOANS** (continued)

	1994	1993
	(thousands of dollars)	
Promissory note due from the Northwest Territories Power Corporation, due in instalments to the 1998-99 fiscal period, bearing interest at 11%	$ 26,750	$ 32,100
Northwest Territories Business Credit Corporation loans receivable, bearing interest between 7.5% and 16.25%, net of allowance for doubtful accounts of $5,307,000 (1993 - $7,300,000)	13,009	11,749
Legislative Assembly Building Society	-	10,319
Students Loan Fund loans due in instalments to 2004, bearing interest between 6.25% and 12.5%, net of allowance for doubtful accounts and loan remissions of $6,426,000 (1993 - $5,206,000)	5,935	5,156
Northwest Territories Housing Corporation mortgage and interim financing loans repayable over a maximum of 25 years, bearing interest between 0% and 14.25%, net of allowance for doubtful accounts of $622,000 (1993 - $359,000)	3,370	1,741
Agreements for sale	694	551
	95,426	108,173
Less current portion	9,597	19,384
	$ 85,829	**$ 88,789**

During the year, the following amounts were written off with proper authority:

	1994	1993
	(thousands of dollars)	
Northwest Territories Business Credit Corporation	$ 2,305	$ -
Students Loan Fund		
-loans written off	175	119
-loan remissions	912	942
Other	-	197
	$ 3,392	**$ 1,258**

8. INVESTMENT IN ASSOCIATED ENTITIES

The investment in associated entities is the net surplus of all entities. Summary financial statements of the associated government entities accounted for by the modified equity method are presented below.

The net assets of the Workers' Compensation Board can only be used to finance the operations of the Board. Therefore, the net assets of the Workers' Compensation Board are not available to discharge existing government liabilities or to finance other government programs.

	Northwest Territories Power Corporation	Northwest Territories Liquor Commission	Petroleum Products Revolving Fund	Workers' Compensation Board	1994 Total	1993 Total
			(thousands of dollars)			
Balance Sheet						
Assets	$ 193,303	$ 3,199	$ 37,490	$ 149,472	$ 383,464	$ 368,860
Liabilities	$ 112,951	$ 1,248	$ 4,059	$ 145,199	$ 263,457	$ 259,365
Surplus	80,352	1,951	33,431	4,273	**120,007**	**109,495**
	$ 193,303	$ 3,199	$ 37,490	$ 149,472	$ 383,464	$ 368,860
Statement of Operations						
Revenues	$ 98,720	$ 30,139	$ 50,810	$ 36,075	$ 215,744	$ 209,289
Expenditures	89,360	14,743	51,573	30,917	186,593	198,213
Net revenues (expenditures)	$ 9,360	$ 15,396	$ (763)	$ 5,158	**$ 29,151**	**$ 11,076**

Related Party Transactions

	Northwest Territories Power Corporation	Northwest Territories Liquor Commission	Petroleum Products Revolving Fund	Workers' Compensation Board
		(thousands of dollars)		
Revenues from:				
Government of the Northwest Territories - Consolidated	$ 22,305	$ 1,334	$ 7,102	$ 2,317
Northwest Territories Liquor Commission	59	-	2	-
Northwest Territories Power Corporation	-	-	10,888	350
	$ 22,364	**$ 1,334**	**$ 17,992**	**$ 2,667**
Expenditures to:				
Government of the Northwest Territories - Consolidated	$ 2,972	$ 18,698	$ 1,060	$ 558
Northwest Territories Power Corporation	-	59	-	-
Petroleum Products Revolving Fund	10,888	2	-	-
Workers' Compensation Board	179	-	-	-
	$ 14,039	**$ 18,759**	**$ 1,060**	**$ 558**

9. SHORT-TERM LOANS

Short-term loans of $56,790,000 bear interest at varying rates between 3.7% to 4.1%. The short-term loans were repaid as of April 5, 1994. The borrowing limit under the Borrowing Authorization Act was $100,000,000 as of March 31, 1994.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	1994	1993
	(thousands of dollars)	
Accounts payable	$ 79,719	$ 78,887
Other liabilities, payroll deductions and contractors' holdbacks	10,771	12,847
Employee leave benefits	8,666	7,792
Regional health board contributions	3,959	1,681
	$ 103,115	**$ 101,207**

11. PENSIONS

(a) Pension Liabilities

	1994	1993
	(thousands of dollars)	
Legislative Assembly Supplementary Retiring Allowance	$ 11,435	$ 9,034
Territorial Court Judges' Registered Pension Plan	1,074	909
Judges' Supplemental Pension Plan	286	228
Legislative Assembly Retiring Allowance Fund	-	-
	$ 12,795	**$ 10,171**

The Legislative Assembly Retiring Allowance Fund is a contributory defined benefit pension plan. The other plans are non-contributory defined benefit pension plans. Benefits provided under the plans are based on service and/or earnings. The Government is liable for all benefits.

A separate pension fund is maintained for the Legislative Assembly Retiring Allowance Fund and the Territorial Court Judges' Registered Pension Plan. The funds are administered by independent trust companies.

Actuarial valuations were completed for the Legislative Assembly and Judges' plans as of March 31, 1992 and December 31, 1992 respectively, using the projected benefit method prorated on service. The valuation is based on a number of actuarial assumptions about matters such as mortality, service, withdrawal, earnings and interest rates. The assumptions are based on the Government's best estimates of expected long-term rates and short-term forecasts. All actuarial valuations were extrapolated to March 31, 1994.

The Government has applied to transfer the assets, attributable to members of the Territorial Court Judges' Registered Pension Plan, from the Public Service Superannuation Plan. A portion of the assets transferred will be refunded to the judges and the balance will be paid to the pension plan.

11. PENSIONS (continued)

(a) Pension Liabilities (continued)

The pension liability for the Legislative Assembly Supplementary Retiring Allowance at year end includes the following components:

	1994	1993
	(thousands of dollars)	
Accrued benefit obligation	$ 12,466	$ 10,979
Unamortized estimation adjustment	(1,031)	(1,945)
	$ 11,435	**$ 9,034**

(b) Pension Expense

	1994	1993
	(thousands of dollars)	
Legislative Assembly Supplementary Retiring Allowance and Judges' Supplemental Pension Plan:		
Benefit costs		
Current service	$ 844	$ 841
Past service	1,038	1,204
	1,882	2,045
Cost of financing unfunded pension obligation (net of pension interest expenditure)	957	853
Amortization of estimation adjustment	(32)	60
Total pension related expenditures	2,807	2,958
Other adjustments	16	(89)
	2,823	2,869
Less members' contributions	2	29
	2,821	2,840
Legislative Assembly Retiring Allowance Fund	20	44
Territorial Court Judges' Registered Pension Plan	165	356
	$ 3,006	**$ 3,240**

11. PENSIONS (continued)

(c) Public Service Superannuation Plan

The Government and its employees make contributions to the Public Service Superannuation Plan administered by Canada. These contributions represent the total obligation of the Government. The Government is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

12. EMPLOYEE TERMINATION BENEFITS

	1994	1993
	(thousands of dollars)	
Removal	$ 22,026	$ 8,891
Termination	11,932	10,230
Retirement	992	778
	34,950	19,899
Less current portion	3,701	2,321
	$ 31,249	**$ 17,578**

The Government provides ultimate removal assistance to eligible employees on termination of employment.

During the year a change has been made in the method of estimating the liability for ultimate removal. The revised method has resulted in an increase of $13,839,000 in the liability for ultimate removal. The expenditure is disclosed separately as it cannot be attributed solely to 1993-94.

13. LONG-TERM DEBT

	1994	1993
	(thousands of dollars)	
Northwest Territories Housing Corporation loans due to Canada and Canada Mortgage and Housing Corporation, repayable in instalments to the year 2033, bearing interest between 7.0% and 10.5%	$ 93,702	$ 94,070
Sinking fund notes redeemable in annual instalments to 1998, with interest at 11% payable semi-annually, issued to finance the purchase of the Northwest Territories Power Corporation	26,750	32,100
	120,452	126,170
Less current portion	6,413	5,715
	$ 114,039	**$ 120,455**

13. LONG-TERM DEBT (continued)

Principal and interest amounts due in each fiscal year to the due date:

	Principal	Interest	Total
	(thousands of dollars)		
1994-1995	$ 6,413	$ 9,301	$ 15,714
1995-1996	6,489	8,637	15,126
1996-1997	6,551	7,967	14,518
1997-1998	6,636	7,294	13,930
1998-1999	6,727	6,614	13,341

14. TRUST ASSETS AND LIABILITIES

The Government administers trust accounts on behalf of third parties, which are not included in the Government's assets and liabilities. These consist of cash, term deposits, investments, real estate, and other sundry assets.

	1994	1993
	(thousands of dollars)	
Public Trustee	$ 4,748	$ 4,449
Supreme Court	511	534
Natural Resources - Capital	350	315
Territorial Court	78	63
Correctional institutions	69	113
Other	54	78
	$ 5,810	$ 5,552

15. COMMITMENTS

(a) The Government has entered into agreements for or is contractually committed to the following expenditures payable subsequent to March 31, 1994:

	Expiry Date	Total
		(thousands of dollars)
Commercial and Residential Leases	2020	$ 263,660
Capital Commitments	-	53,161
Tungavik Federation of Nunavut Wildlife Harvesters Income Support Fund	1998	12,000
City of Yellowknife Block Funding Agreement	1996	8,200
Northwest Territories Development Corporation - Operating Subsidies	1998	5,407
Northwest Territories Business Credit Corporation approved loans	-	4,649

15. COMMITMENTS (continued)

Economic Development Cooperation Agreement	-	$ 3,500
Operating Leases	1999	2,640
Northwest Territories Power Corporation - Survey	-	549
		$ 353,766

(b) The Petroleum Products Revolving Fund has entered into fuel delivery contracts with communities. The contracts expire in 2006. Under these contracts fixed commission rates are paid. The value of this commitment cannot reasonably be determined.

16. CONTINGENCIES

(a) Contingent Liabilities

The Government is contingently liable for the following:

	(thousands of dollars)
Debentures issued by the Northwest Territories Power Corporation,	
a) maturing March 9, 2009	$ 20,000
b) maturing June 6, 2011	15,000
c) maturing May 28, 2012	20,000
Northwest Territories Power Corporation - Bank overdraft	7,237
Litigation actions in progress	2,275
Uninsured losses	570
	$ 65,082

The Government funds boards and agencies, offering services to the public, which operate independently of normal Government operations. The Government may be held responsible for any liabilities or deficits on behalf of these boards and agencies. These potential liabilities cannot be determined.

(b) Pay Equity

In March 1989, the Union of Northern Workers filed an equal pay complaint against the Government under the Canadian Human Rights Act. Negotiations to settle this complaint concluded unsuccessfully in February 1993. The Government has filed an Originating Notice of Motion in the Federal Court of Canada applying for a declaration that the Canadian Human Rights Commission has no jurisdiction to deal with the complaint.

It is not possible to reasonably determine the liability, if any, that may result from the claim. In the event that there is a liability, the expenditure will be charged to operations in the year an amount can reasonably be determined.

16. CONTINGENCIES (continued)

(c) Environmental Restoration Costs

The Government recognizes that there could be a liability for restoration of the environment. Such costs would include the clean up and restoration of oil storage facilities, mine sites, construction sites, sewage treatment facilities and the removal of hazardous goods.

In order to show the financial impact of these environmental costs, the amount of the liability and the timing of future expenditures should be recognized in the Government's financial statements. In some instances, the projected costs would be amortized over the life of the specific project, site or facility.

No reasonable estimate of the potential costs can be made at this time. The Government has commenced a review of those situations involving potential liabilities to accumulate the necessary data. The Government expects to disclose potential liabilities in the financial statements for the year ending March 31, 1995.

(d) House Buy-Back Plan

The Government's House Buy-Back Plan applies to all employees who own a single detached house in communities other than Yellowknife, Hay River and Fort Smith.

Under the plan, when an employee terminates or transfers and is unable to sell the house, the Government will purchase the house. The purchase price will be equal to 90% of the first $80,000 and 80% of the balance of the appraised value. The price to be paid is subject to a maximum of $168,000.

The liability cannot be reasonably determined at this time.

(e) Nunavut Territory

The Government has entered into an agreement to divide the Northwest Territories into two separate territories. The eastern portion will be known as Nunavut Territory. The proposed date for the division is 1999. The creation of a new territory will involve the transfer of Government assets. The full financial impact on the Government has yet to be determined.

17. RELATED PARTIES

During the year the Government made contributions and grants to the following related parties.

	1994	1993
	(thousands of dollars)	
Education boards	$ 132,887	$ 130,266
Hospitals and health boards	90,557	88,209
Science Institute of the Northwest Territories	1,402	1,428
	$ 224,846	**$ 219,903**

17. RELATED PARTIES (continued)

Under agreements with related boards and agencies, the Government provides services at cost or for a service fee where direct costs cannot be determined. The fees charged for indirect costs are not necessarily the cost of providing those services. Services provided included personnel, payroll, financial, procurement, accommodation, buildings and works, utilities, legal and interpretation services. Direct costs of $122,745,000 (1993 - $96,566,000) were incurred on behalf of the related parties.

18. SUBSEQUENT EVENT

Northwest Territories Power Corporation

On May 12, 1994, the Northwest Territories Power Corporation issued $20,000,000 sinking fund debentures at 9.375% to be amortized over 20 years. The loan is guaranteed by the Government.

19. OVER-EXPENDITURES

Four Government departments have overspent an aggregate of $9,813,000 at the total department level for operations and maintenance expenditure activities. An additional $13,839,000 over-expenditure was incurred by the Department of the Executive as a result of the change in the method of estimating the ultimate removal liability. These contravene section 32 of the Financial Administration Act which states..."No person shall incur an expenditure that causes the amount of the item set out in Estimates on which the appropriation is based to be exceeded". Three of the departmental over-expenditures resulted from the accrual of additional expenses.

20. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

Government of the Northwest Territories Schedule A

Consolidated Schedule of Revenues by Source

for the year ended March 31, 1994 (thousands of dollars)	**1994**	**1993**
From Canada		
Grant per financing agreement	$ 849,053	$ 780,940
Established Programs Financing	88,076	108,945
Transfer payments	102,734	103,873
	1,039,863	993,758
Generated Revenues		
Taxation	130,707	145,237
General	27,459	28,373
Other	26,463	26,440
Capital	15,981	7,089
	200,610	207,139
Total	**$ 1,240,473**	**$ 1,200,897**

Government of the Northwest Territories Schedule B

Consolidated Schedule of Expenditures

for the year ended March 31, 1994 (thousands of dollars)	**1994**	**1993**
Operations and Maintenance		
Salaries and wages	$ 239,154	$ 226,722
Grants and contributions	414,630	376,420
Valuation allowances	15,758	12,611
Operations and maintenance	433,559	426,260
	1,103,101	1,042,013
Capital		
Building and works	146,794	135,784
Equipment	10,266	11,440
Grants and contributions	29,485	26,085
	186,545	173,309
Total	**$ 1,289,646**	**$ 1,215,322**